

2013 DRAFTING REQUEST

Bill

Received: 2/13/2014 Received By: fknepp
 Wanted: As time permits Same as LRB:
 For: John Nygren (608) 266-2343 By/Representing: Nels Rude
 May Contact: Drafter: fknepp
 Subject: Econ. Development - housing Addl. Drafters:
 Extra Copies:

Submit via email: YES
 Requester's email: Rep.Nygren@legis.wisconsin.gov
 Carbon copy (CC) to: fern.knepp@legis.wisconsin.gov
 rick.champagne@legis.wisconsin.gov
 michael.gallagher@legis.wisconsin.gov
 paul.ferguson@legis.wisconsin.gov

Pre Topic:

No specific pre topic given

Topic:

Loan guarantee program for emergency heating assistance

Instructions:

See attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	fknepp 2/13/2014			_____			
/P1	fknepp 2/14/2014	evinz 2/13/2014	rschluet 2/13/2014	_____	sbasford 2/13/2014		
/P2	fknepp	evinz	jmurphy	_____	mbarman		

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/1	2/17/2014	evinz 2/17/2014	rschluet 2/17/2014	_____	_____	_____	_____
					rose 2/17/2014	lparisi 2/17/2014	

FE Sent For:

↳ Not
Needed

<END>

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paul.ferguson@legis.wisconsin.gov

Pre Topic:

No specific pre topic given

Topic:

Loan guarantee program for propane energy assistance ^{emergency heating ✓}

Instructions:

See attached

Drafting History:

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/P1	fknepp 2/14/2014	evinz 2/13/2014	rschluet 2/13/2014	_____ ^{JM}	sbasford 2/13/2014		
/P2		evinz	jmurphy	_____ ^{JK}	mbarman		

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		2/14/2014	2/14/2014	_____	2/14/2014		

FE Sent For:

1/1 eev
2/17/14

1/1 eev
2/17/14
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Pre Topic:

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Topic:

Loan guarantee program for propane energy assistance

Instructions:

See attached

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/?	fknepp 2/13/2014			_____			
/P1		evinz 2/13/2014	rschluet 2/13/2014	_____	sbasford 2/13/2014		
		<i>1p2 eev</i> <i>2/14/14</i>	<i>1p2 eev</i> <i>2/14/14</i>				

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Topic:

Loan guarantee program for propane energy assistance ✓

Instructions:

See attached

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/?	fknepp 2/13/2014						
/P1		evinz 2/13/14	1pl eev 2/13/14	 2/13/14			

Create

Loan guarantee program for propane

discuss in w/ From Paul Ferguson LFB

234.905 Agricultural production drought assistance loan guarantees.

(1) (intro.) DEFINITIONS. In this section:

(a) "Agricultural commodity" has the meaning given under s. 94.67 (2).

(b) (intro.) "Agricultural production drought assistance loan" means a loan to a farmer to finance extraordinary drought-related costs, including the cost of any of the following:

1. Fertilizer, seed, fuel, pesticides, tillage services, crop insurance, or any other service or consumable good necessary to produce an agricultural commodity to replace or supplement an agricultural commodity adversely affected by drought conditions.
2. Water delivery in connection with agricultural commodities adversely affected by drought conditions.
3. Feed and associated expenses for animals to supplement feed supplies adversely affected by drought conditions.

(d) "Farmer" has the meaning given under s. 102.04 (3).

(e) "Guaranteed loan" means an agricultural production drought assistance loan on which the authority guarantees collection.

(f) "Participating lender" means a bank, production credit association, credit union, savings bank, savings and loan association or other person who makes agricultural production drought assistance loans and who has entered into an agreement with the authority under s. 234.93 (2) (a).

(2) (intro.) ELIGIBLE LOANS. An agricultural production drought assistance loan made by a participating lender is eligible for guarantee of collection from the Wisconsin development reserve fund under s. 234.93 if all of the following apply:

(a) The total of the principal amounts of all guaranteed loans extended to the borrower under this section will not exceed \$15,000.

(b) The rate of interest on the agricultural production drought assistance loan, including any origination fees or other charges relating to the agricultural production drought assistance loan, does not exceed a rate determined by the authority after considering the conditions of the financial market.

(c) The participating lender shall pay directly any supplier of ^{propane} fertilizer, seed, fuel, pesticides, tillage services, crop insurance, animal feed, water or other service or consumable good necessary to produce an agricultural commodity, if the borrower obtains the agricultural production drought assistance loan to pay that supplier.

(d) The participating lender obtains security for repayment of the agricultural production drought assistance loan or follows other procedures required by the authority to secure repayment of the agricultural production drought assistance loan.

(e) The term of the agricultural production drought assistance loan is not longer than ²3 years.

2 mil transfer
234.51
2 m to WDLF for this purpose

Eligibility - Apply by June 30

for map

(f) The proceeds of the agricultural production drought assistance loan may not be applied to the outstanding balance of any other loan.

(g) The proceeds of the agricultural production drought assistance loan may not be used to refinance a loan made under this section.

(3) (intro.) ELIGIBLE FARMERS. A farmer is eligible for a guaranteed loan if all of the following apply:

(a) The farmer ^{is in county not to exceed} does not meet the participating lender's minimum standards of creditworthiness to receive ^{where the borrower resides} an agricultural production drought assistance loan in the normal course of the participating lender's business.

(b) ~~The participating lender projects the amount of the farmer's debts to be approximately 40% or more of the amount of the farmer's assets.~~

See 234.93(3)

(c) In the judgment of the participating lender, it is reasonably likely that if the farmer receives a guaranteed loan the farmer's assets, cash flow and managerial ability are sufficient to preclude voluntary or involuntary liquidation before the end of the loan term.

(d) The farmer's name does not appear on the statewide support lien docket under s. 49.854 (2) (b). The condition under this paragraph is met for a farmer whose name does appear if the farmer provides to the authority a payment agreement that has been approved by the county child support agency under s. 59.53 (5) and that is consistent with rules promulgated under s. 49.858 (2) (a).

It is possible loan is necessary for making

(e) ^{In the judgment of the lender,} The participating lender projects that the farmer will lose approximately 40% or more of the farmer's crops because of drought conditions. ^{Under normal conditions, income & assets to purchase the}

(3m) EXTENSION. A participating lender may extend the term of a loan until no later than ³ years after ^{propose} the lender granted the loan.

(4) GUARANTEE OF COLLECTION.

(a) Except as provided in par. (b), ~~on or before June 30, 1989~~, the authority shall guarantee collection of ^{up to} 90% of the principal of any agricultural production drought assistance loan eligible for guarantee under sub. (2) made to a farmer eligible for a guaranteed loan under sub. (3).

(b) ~~Except as provided in s. 234.93 (3), the total principal amounts of all agricultural production drought assistance loans which the authority may guarantee under par. (a) may not exceed \$30,000,000.~~

transfer

(5) INTEREST REDUCTION. The authority shall pay, from the moneys in the Wisconsin development reserve fund, to each participating lender an amount equal to 3.5% of the principal amount of any guaranteed loan to reduce interest payments on the guaranteed loan paid by a farmer, except that the authority shall make interest reduction payments for no more than ² years of the repayment term of any guaranteed loan.

History: 1987 a. 421; 1989 a. 2, 10, 31, 336; 1991 a. 4, 39, 221; 1995 a. 404; 1999 a. 9.

Initially transfer only for this purpose to first fund the propose assistance under



State of Wisconsin
2013 - 2014 LEGISLATURE



LRB-42710/P1
FFK:.....
RMR
PPV

In 2-13
TODAY

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

gen cat

1 AN ACT .;. relating to: propane assistance loan guarantees.

Analysis by the Legislative Reference Bureau

This bill ~~creates~~ creates a propane assistance loan guarantee program to be administered by the Wisconsin Housing and Economic Development Authority (WHEDA). The bill directs WHEDA to guarantee collection of up to 80 percent of eligible loans made to eligible borrowers for the purpose of financing extraordinary costs related to heating with propane (propane assistance loans). The bill also requires WHEDA to pay an amount equal to 3.5 percent of a guaranteed propane assistance loan to a participating lender to reduce the interest rate charged to the borrower receiving the propane assistance loan.

Under the bill, eligibility requirements for a propane assistance loan guarantee include:

- 1) The loan is made by a participating lender ^{before} by July 1, 2014. ✓
- 2) The total principal amount of all guaranteed loans to the borrower under the program does not exceed \$10,000. ✓
- 3) The interest rate on the loan does not exceed a rate determined by WHEDA. ✓
- 4) If the loan is obtained to pay a propane supplier, the participating lender pays the supplier directly. ✓
- 5) The initial term of the loan is not more than ^{two} ~~1~~ years. ✓ The term of the loan may be extended but may not exceed a total of 3 years. ✓ ^{three}
- 6) The borrower's income is no more than 200 percent of the median family income in the county in which the borrower resides. ✓
- 7) In the judgment of the participating lender, the loan is necessary for the borrower to pay propane-related heating costs; it is reasonably likely that the

* borrower will be able to repay the loan in full with interest; the borrower is not eligible for conventional financing for propane assistance on reasonably equivalent terms and conditions; and that under normal market conditions the borrower's income and assets would be sufficient to purchase propane to heat the borrower's home.

The bill also directs WHEDA to transfer \$2,000,000 from the housing rehabilitation loan program administration fund to the Wisconsin development reserve fund. Before July 1, 2014, WHEDA must use moneys transferred to the Wisconsin development reserve fund under the bill for the propane assistance loan guarantee program.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. Nonstatutory provisions.

(1) TRANSFER TO WISCONSIN DEVELOPMENT RESERVE FUND. The Wisconsin Housing and Economic Development Authority shall immediately transfer \$2,000,000 from the housing rehabilitation loan program administration fund established under section 234.51 of the statutes to the Wisconsin development reserve fund under section 234.93 of the statutes. Before July 1, 2014, the Wisconsin Housing and Economic Development Authority shall use moneys transferred under this subsection first only to fund the propane assistance loan guarantee program

under subparagraph (2).
A.R.a. subsection (CS) ¶
A.R.a. (2) Propane assistance loan guarantees. (a) Definitions. In this subsection:

1. "Authority" means the Wisconsin Housing and Economic Development Authority.

2. "Guaranteed loan" means a propane assistance loan on which the authority guarantees collection.

3. "Participating lender" means a bank, production credit association, credit union, savings bank, savings and loan association, or other person who makes

1 propane assistance loans and who has entered into an agreement with the authority
2 under section 234.93 (2) (a) of the statutes.

3 4. "Propane assistance loan" means a loan to a borrower to finance
4 extraordinary costs related to heating with propane.

5 ^{A.R.D.} (b) *Eligible loans.* A propane assistance loan made before July 1, 2014, by a
6 participating lender is eligible for guarantee of collection from the Wisconsin
7 development reserve fund under section 234.93 of the statutes if all of the following
8 apply:

9 1. The total of the principal amounts of all guaranteed loans extended to the
10 borrower under this subsection will not exceed \$10,000.

11 2. The rate of interest on the propane assistance loan, including any origination
12 fees or other charges relating to the propane assistance loan, does not exceed a rate
13 determined by the authority after considering the conditions of the financial market.

14 3. If the borrower obtains the propane assistance loan to pay a propane
15 supplier, the participating lender ~~shall pay~~ ^{pays} the supplier directly.

16 4. The participating lender follows procedures required by the authority to
17 secure repayment of the propane assistance loan.

18 5. The ^{initial} term of the propane assistance loan is not longer than 2 years. ✓

19 6. In the judgment of the participating lender, the loan is necessary for the
20 borrower to pay propane-related heating costs. ✓

21 7. The proceeds of the propane assistance loan may not be used to refinance a
22 loan made under this ^{sub} section.

23 ^{A.R.C.} (c) *Eligible borrowers.* A borrower is eligible for a guaranteed loan if all of the
24 following apply:

1 1. The borrower's annual income does not exceed 200 percent of the median
2 family income for the county in which the borrower resides.

3 ③ ^I 2. In the judgment of the participating lender, it is reasonably likely that the
4 borrower will be able to repay the propane assistance loan in full with interest.

5 3. In the judgment of the participating lender, the borrower is not eligible for
6 conventional financing on reasonably equivalent terms and conditions.

7 4. In the judgment of the participating lender, under normal market conditions
8 affecting the sale of propane, the borrower's income and assets would be sufficient
9 to purchase an amount of propane necessary for the borrower to heat the borrower's
10 home.

11 5. The borrower's name does not appear on the statewide support lien docket
12 under section 49.854 (2) (b) of the statutes. The condition under this subdivision is
13 met for a borrower whose name does appear if the borrower provides to the authority
14 a payment agreement that has been approved by the county child support agency
15 under section 59.53 (5) of the statutes and that is consistent with rules promulgated
16 under section 49.858 (2) (a) of the statutes.

17 (d) *Extension.* A participating lender may extend the term of a propane
18 assistance loan until no later than 3 years after the lender made the loan.

19 (e) *Guarantee of collection.* The authority shall guarantee collection of up to 80
20 percent of the principal of any propane assistance loan eligible for guarantee under
21 ^{A.R.b.} par. (b) made to a borrower eligible for a guaranteed loan under par. ^{A.R.c.} (c). ²

****NOTE: Do you want to include a minimum amount of guarantee? Requiring a
guarantee of "up to" 80 percent allows WHEDA to satisfy the requirement with a
guarantee of 0.

22 (f) *Interest reduction.* The authority shall pay, from the moneys in the
23 Wisconsin development reserve fund under section 234.93 of the statutes, to each

✓

1 participating lender an amount equal to 3.5 percent of the principal amount of any
2 guaranteed loan to reduce interest payments on the guaranteed loan paid by a
3 borrower, except that the authority shall make interest reduction payments for no
4 more than 2 years of the repayment term of any guaranteed loan.

5

(END)

Knepp, Fern

From: Rude, Nels
Sent: Friday, February 14, 2014 9:55 AM
To: Knepp, Fern; Ferguson, Paul
Subject: Additional changes to LRB 4271

Paul and Fern- We would like to require WHEDA, after the Governor declares an emergency situation and directs WHEDA to administer the loan guarantee program, to submit the emergency criteria and a plan for making the loans to the Joint Committee on Finance for review and approval under s. 13.10 of the statutes. However, this would not apply this year because it should be clear that the legislature approves of them going forward with the program now as we are passing the legislation. JFC approval would only delay this year. In the future it could also delay WHEDA somewhat, but we feel legislative oversight is important and JFC will act quickly if an emergency situation does exist in the future.

Also, we would like to reduce the loan amount from \$10,000 to \$2,500. We are hoping this will allow us to stretch the \$2 million a little further. We think most people won't need a loan over that amount to pay the additional costs that resulted from the spike in propane costs. Furthermore, if WHEDA determines that a higher amount is needed, they should be able to adjust it in the future through the 13.10 request.

Give me a call if you have any questions.

LJFC

Thanks!

Nels

Notes from meeting w/ Paul Ferguson

Nels Rude

Office of State Representative John Nygren
Co-Chair, Joint Committee on Finance
89th Assembly District
309 East, State Capitol
608.267.2371
nels.rude@legis.wi.gov

- Make a permanent
- Triggered by emergency declaration
for 120
WHEDA may guarantee loans made during 120 days following
3.23.10

- WHEDA ^{guaranteed} ~~make~~ loans made ^{until} 120 days after gov declaration

- WHEDA requests additional 120 days from finance 13.10 approval

120 days from date of publication



State of Wisconsin
2013 - 2014 LEGISLATURE



LRB-4271/P1
FFK:eev:rs

In 2-14
TODAY

PP
AMR

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

SAI
xref N/A

1 AN ACT relating to: ~~propane~~ assistance loan guarantees.

gen cat

emergency heating

Analysis by the Legislative Reference Bureau

✓
Prelim

This bill creates a propane assistance loan guarantee program to be administered by the Wisconsin Housing and Economic Development Authority (WHEDA). The bill directs WHEDA to guarantee collection of up to 80 percent of eligible loans made to eligible borrowers for the purpose of financing extraordinary costs related to heating with propane (propane assistance loans). The bill also requires WHEDA to pay an amount equal to 3.5 percent of a guaranteed propane assistance loan to a participating lender to reduce the interest rate charged to the borrower receiving the propane assistance loan.

Under the bill, eligibility requirements for a propane assistance loan guarantee include:

- 1) The loan is made by a participating lender before July 1, 2014.
- 2) The total principal amount of all guaranteed loans to the borrower under the program does not exceed \$10,000.
- 3) The interest rate on the loan does not exceed a rate determined by WHEDA.
- 4) If the loan is obtained to pay a propane supplier, the participating lender pays the supplier directly.
- 5) The initial term of the loan is not more than two years. The term of the loan may be extended but may not exceed a total of three years.
- 6) The borrower's income is no more than 200 percent of the median family income in the county in which the borrower resides.
- 7) In the judgment of the participating lender, the loan is necessary for the borrower to pay propane-related heating costs; it is reasonably likely that the

borrower will be able to repay the loan in full with interest; the borrower is not eligible for conventional financing on reasonably equivalent terms and conditions; and that under normal market conditions the borrower's income and assets would be sufficient to purchase propane to heat the borrower's home.

The bill also directs WHEDA to transfer \$2,000,000 from the housing rehabilitation loan program administration fund to the Wisconsin development reserve fund. Before July 1, 2014, WHEDA must use moneys transferred to the Wisconsin development reserve fund under the bill for the propane assistance loan guarantee program.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

INS 2-1

1 SECTION 1. Nonstatutory provisions.

2

(1) TRANSFER TO WISCONSIN DEVELOPMENT RESERVE FUND. The Wisconsin

91 (a)

3 Housing and Economic Development Authority shall immediately transfer
4 \$2,000,000 from the housing rehabilitation loan program administration fund
5 established under section 234.51 of the statutes to the Wisconsin development
6 reserve fund under section 234.93 of the statutes. Before July 1, 2014, the Wisconsin

IAS 6
2-6

7 Housing and Economic Development Authority shall use moneys transferred under
8 this subsection only to fund the propane assistance loan guarantee program under
9 subsection (2).

10 (2) PROPANE ASSISTANCE LOAN GUARANTEES.

11 (a) *Definitions.* In this subsection:

12 1. "Authority" means the Wisconsin Housing and Economic Development
13 Authority.

14 2. "Guaranteed loan" means a propane assistance loan on which the authority
15 guarantees collection.

16 3. "Participating lender" means a bank, production credit association, credit
17 union, savings bank, savings and loan association, or other person who makes

1 propane assistance loans and who has entered into an agreement with the authority
2 under section 234.93 (2) (a) of the statutes.

3 4. "Propane assistance loan" means a loan to a borrower to finance
4 extraordinary costs related to heating with propane.

5 (b) *Eligible loans.* A propane assistance loan made before July 1, 2014, by a
6 participating lender is eligible for guarantee of collection from the Wisconsin
7 development reserve fund under section 234.93 of the statutes if all of the following
8 apply:

9 1. The total of the principal amounts of all guaranteed loans extended to the
10 borrower under this subsection will not exceed \$10,000.

11 2. The rate of interest on the propane assistance loan, including any origination
12 fees or other charges relating to the propane assistance loan, does not exceed a rate
13 determined by the authority after considering the conditions of the financial market.

14 3. If the borrower obtains the propane assistance loan to pay a propane
15 supplier, the participating lender pays the supplier directly.

16 4. The participating lender follows procedures required by the authority to
17 secure repayment of the propane assistance loan.

18 5. The initial term of the propane assistance loan is not longer than 2 years.

19 6. In the judgment of the participating lender, the loan is necessary for the
20 borrower to pay propane-related heating costs.

21 7. The proceeds of the propane assistance loan may not be used to refinance a
22 loan made under this subsection.

23 (c) *Eligible borrowers.* A borrower is eligible for a guaranteed loan if all of the
24 following apply:

1 1. The borrower's annual income does not exceed 200 percent of the median
2 family income for the county in which the borrower resides.

3 2. In the judgment of the participating lender, it is reasonably likely that the
4 borrower will be able to repay the propane assistance loan in full with interest.

5 3. In the judgment of the participating lender, the borrower is not eligible for
6 conventional financing on reasonably equivalent terms and conditions.

7 4. In the judgment of the participating lender, under normal market conditions
8 affecting the sale of propane, the borrower's income and assets would be sufficient
9 to purchase an amount of propane necessary for the borrower to heat the borrower's
10 home.

11 5. The borrower's name does not appear on the statewide support lien docket
12 under section 49.854 (2) (b) of the statutes. The condition under this subdivision is
13 met for a borrower whose name does appear if the borrower provides to the authority
14 a payment agreement that has been approved by the county child support agency
15 under section 59.53 (5) of the statutes and that is consistent with rules promulgated
16 under section 49.858 (2) (a) of the statutes.

17 (d) *Extension.* A participating lender may extend the term of a propane
18 assistance loan until no later than 3 years after the lender made the loan.

19 (e) *Guarantee of collection.* The authority shall guarantee collection of up to 80
20 percent of the principal of any propane assistance loan eligible for guarantee under
21 par. (b) made to a borrower eligible for a guaranteed loan under par. (c).

****NOTE: Do you want to include a minimum amount of guarantee? Requiring a
guarantee of "up to" 80 percent allows WHEDA to satisfy the requirement with a
guarantee of 0.

22 (f) *Interest reduction.* The authority shall pay, from the moneys in the
23 Wisconsin development reserve fund under section 234.93 of the statutes, to each

1 participating lender an amount equal to 3.5 percent of the principal amount of any
2 guaranteed loan to reduce interest payments on the guaranteed loan paid by a
3 borrower, except that the authority shall make interest reduction payments for no
4 more than 2 years of the repayment term of any guaranteed loan.

5

(END)

2013-2014 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-4271/P2
FFK:.....

INS 2-1

1 [✓] SECTION 1. 234.88 of the statutes is created to read:

2 **234.88 Emergency heating assistance loan guarantees. (1) DEFINITIONS.**

3 In this section:

4 (a) "Emergency heating assistance loan" means a loan to a borrower to finance
5 extraordinary costs related to heating during a state of emergency declared by the
6 governor under s. [✓]323.10.

7 (b) "Guaranteed loan" means a ⁿemergency heating assistance loan on which the
8 authority guarantees collection. ^{under sub. (5)}

9 (c) "Participating lender" means a bank, production credit association, credit
10 union, savings bank, savings and loan association, or other person who makes
11 emergency heating assistance loans and who has entered into an agreement with the
12 authority under ^{s.}section 234.93 (2) (a) ~~of the statutes~~

13 (2) ELIGIBLE LOANS. An emergency heating assistance loan made by a
14 participating lender is eligible for guarantee of collection under sub. [✓](5) from the
15 Wisconsin development reserve fund under ^{s.}section 234.93 of the statutes if all of the
16 following apply:

17 (a) The total of the principal amounts of all guaranteed loans extended to the
18 borrower under this [✓]section will not exceed \$2,500.

19 (b) The rate of interest on the emergency heating assistance loan, including any
20 origination fees or other charges relating to the emergency heating assistance loan,
21 does not exceed a rate determined by the authority after considering the conditions
22 of the financial market.

1 (c) If the borrower obtains the emergency heating assistance loan to pay a
2 supplier, the participating lender pays the supplier directly.

3 (d) The participating lender follows procedures required by the authority to
4 secure repayment of the emergency heating assistance loan.

5 (e) The initial term of the emergency heating assistance loan is not longer than
6 2 years.

7 (f) In the judgment of the participating lender, the emergency heating
8 assistance loan is necessary for the borrower to pay heating costs related to the
9 declared state of emergency.

10 (g) The proceeds of the emergency heating assistance loan may not be used to
11 refinance a loan made under this subsection.

12 (3) ELIGIBLE BORROWERS. A borrower is eligible for a guaranteed loan if all of
13 the following apply:

14 (a) The borrower's annual income does not exceed 200 percent of the median
15 family income for the county in which the borrower resides.

16 (b) In the judgment of the participating lender, all of the following are true:

17 1. It is reasonably likely that the borrower will be able to repay the emergency
18 heating assistance loan in full with interest.

19 2. The borrower is not eligible for conventional financing on reasonably
20 equivalent terms and conditions.

21 3. Under normal market conditions affecting the cost of heating, the borrower's
22 income and assets would be sufficient for the borrower to pay his or her heating costs.

23 (c) The borrower's name does not appear on the statewide support lien docket
24 under section 49.854 (2) (b) of the statutes. The condition under this subdivision is
25 met for a borrower whose name does appear if the borrower provides to the authority

11

24

paragraph

1 a payment agreement that has been approved by the county child support agency
 2 under ~~section 59.53 (5) of the statutes~~ and that is consistent with rules promulgated
 3 under ~~section 49.858 (2) (a) of the statutes~~

4 (4) EXTENSION. A participating lender may extend the term of an emergency
 5 heating assistance loan until no later than 3 years after the lender made the loan.

6 (5) GUARANTEE OF COLLECTION. (a) Subject to par. (c), if the governor issues an
 7 executive order under s. 323.10 declaring a state of emergency related to heating
 8 costs and the joint committee on finance approves the authority's plan under par. (b),
 9 the authority shall guarantee collection of not less than 50 percent or more than 80
 10 percent of the principal of any emergency heating assistance loan eligible for
 11 guarantee under sub. (2) made to a borrower eligible for a guaranteed loan under sub.
 12 (3).

13 (b) If the governor declares a state of emergency related to heating costs, no
 14 later than 7 days after the governor's declaration the authority shall submit the
 15 authority's plan for guaranteeing collection of emergency heating loans under this
 16 section related to the declared state of emergency to the joint committee on finance
 17 for approval.

****NOTE: 7 days is just a place holder. This is just a deadline to make sure that
 the process gets moving quickly after the declaration. Please let me know what type of
 deadline would be appropriate for WHEDA to submit the plan to JFC.

18 (c) The authority may guarantee emergency heating assistance loans under
 19 par. (a) only for 120 days following a declaration of a state of emergency unless the
 20 authority requests the joint committee on finance to permit the authority to
 21 guarantee emergency heating assistance loans for an additional 120 days.

****NOTE: Should the 120 days start when the declaration is declared or when JFC
 approves the plan?

1 (6) INTEREST REDUCTION. The authority shall pay, from the moneys in the
 2 Wisconsin development reserve fund under s. 234.93, to each participating lender an
 3 amount equal to 3.5 percent of the principal amount of any guaranteed loan to reduce
 4 interest payments on the guaranteed loan paid by a borrower, except that the
 5 authority shall make interest reduction payments for no more than 2 years of the
 6 repayment term of any guaranteed loan.

End Ins 2-1
 INS 2-8/6

stat (b)

7 (b) For 120 days following the effective date of this paragraph, the Wisconsin
 8 Housing and Economic Development Authority shall allocate at least \$2,000,000 of
 9 the Wisconsin development reserve fund to the emergency heating assistance
 10 program under section 234.88 of the statutes, as created by this act.

11 (2) DECLARATION OF PROPANE SHORTAGE. Notwithstanding section 234.88 (5) (a)
 12 of the statutes, as created by this act, the Wisconsin Housing and Economic
 13 Development Authority shall guarantee collection of emergency heating assistance
 14 loans under section 234.88 of the statutes, as created by this act, related to the state
 15 of emergency declared by the governor on January 25, 2014, in Executive Order no.
 16 30 for a period of 120 days beginning on the effective date of this subsection without
 17 the joint committee on finance approving a plan under section 234.88 (5) (b) of the
 18 statutes, as created by this act.

END INS 2-9/6

130,

not less than 50 percent or more than 80 percent of the principal of any emergency heating assistance loan eligible for guarantee under section 234.88 (2) of the statutes, as created by this act, made to a borrower eligible for a guaranteed loan

Meeting w/ Paul Ferguson

Telephone call w/ Deels

- ① borrower → individual
- ② allow \$2,500 to be adjusted by JFC
- ③ Eligibility borrower: individual's household income
- ④ 120 days for from JFC approval
- ⑤ 14 day submittal deadline



State of Wisconsin
2013 - 2014 LEGISLATURE



LRB-4271/P2/11

FFK:eev:jm RMR

In 2-17
Now [by 1]

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

regen

1 AN ACT *to create* 234.88 of the statutes; relating to: emergency heating
2 assistance loan guarantees.

Analysis by the Legislative Reference Bureau

Analysis
Insert

This is a preliminary draft. An analysis will be provided in a subsequent version of this draft.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

3 SECTION 1. 234.88 of the statutes is created to read:

4 **234.88 Emergency heating assistance loan guarantees. (1) DEFINITIONS.**

5 In this section:

6 (a) "Emergency heating assistance loan" means a loan to borrower ^{an individual} to finance
7 extraordinary costs related to heating during a state of emergency declared by the
8 governor under s. 323.10.

9 (b) "Guaranteed loan" means an emergency heating assistance loan on which
10 the authority guarantees collection under sub. (5).

1 (c) "Participating lender" means a bank, production credit association, credit
2 union, savings bank, savings and loan association, or other person who makes
3 emergency heating assistance loans and who has entered into an agreement with the
4 authority under s. 234.93 (2) (a).

5 (2) ELIGIBLE LOANS. An emergency heating assistance loan made by a
6 participating lender is eligible for guarantee of collection under sub. (5) from the
7 Wisconsin development reserve fund under s. 234.93 if all of the following apply:

8 (a) The total of the principal amounts of all guaranteed loans extended to the
9 borrower ^{individual} under this section will not exceed \$2,500. ^{unless a different maximum}
^{amount is approved under}
^{sub. (5)}

10 (b) The rate of interest on the emergency heating assistance loan, including any
11 origination fees or other charges relating to the emergency heating assistance loan,
12 does not exceed a rate determined by the authority after considering the conditions
13 of the financial market.

14 (c) If the borrower ^{individual} obtains the emergency heating assistance loan to pay a
15 supplier, the participating lender pays the supplier directly.

16 (d) The participating lender follows procedures required by the authority to
17 secure repayment of the emergency heating assistance loan.

18 (e) The initial term of the emergency heating assistance loan is not longer than
19 2 years.

20 (f) In the judgment of the participating lender, the emergency heating
21 assistance loan is necessary for the borrower ^{individual} to pay heating costs related to the
22 declared state of emergency.

23 (g) The proceeds of the emergency heating assistance loan may not be used to
24 refinance a loan made under this section.

1

(3) ELIGIBLE ~~BORROWERS~~. ^{INDIVIDUALS} A ~~borrower~~ ^{An individual} is eligible for a guaranteed loan if all of

2

the following apply:

3

(a) The ~~borrower's~~ ^{individual's household} annual income does not exceed 200 percent of the median

4

~~family~~ ^{household} income for the county in which the ~~borrower~~ ^{individual} resides.

5

(b) In the judgment of the participating lender, all of the following are true:

6

1. It is reasonably likely that the ~~borrower~~ ^{individual} will be able to repay the emergency

7

heating assistance loan in full with interest.

8

2. The ~~borrower~~ ^{individual} is not eligible for conventional financing on reasonably

9

equivalent terms and conditions.

10

3. Under normal market conditions affecting the cost of heating, the ~~borrower's~~ ^{individual's}

11

income and assets would be sufficient for the ~~borrower~~ ^{individual} to pay his or her heating costs.

12

(c) The ~~borrower's~~ ^{individual's} name does not appear on the statewide support lien docket

13

under s. 49.854 (2) (b). The condition under this paragraph is met for a ~~borrower~~ ^{an individual}

14

whose name does appear if the ~~borrower~~ ^{individual} provides to the authority a payment

15

agreement that has been approved by the county child support agency under s. 59.53

16

(5) and that is consistent with rules promulgated under s. 49.858 (2) (a).

17

(4) EXTENSION. A participating lender may extend the term of an emergency

18

heating assistance loan until no later than 3 years after the lender made the loan.

19

(5) GUARANTEE OF COLLECTION. (a) Subject to par. (c), if the governor issues an

20

executive order under s. 323.10 declaring a state of emergency related to heating

21

costs ^{or the availability of heating fuels} and the joint committee on finance approves the authority's plan under par. (b),

22

the authority shall guarantee collection of not less than 50 percent or more than 80

23

percent of the principal of any emergency heating assistance loan eligible for

24

guarantee under sub. (2) made to a ~~borrower~~ ^{an individual} eligible for a guaranteed loan under sub.

25

(3).

SECTION 1

or the availability of heating fuels

1 (b) If the governor declares a state of emergency related to heating costs, no
 2 later than ^{2/14} 7 days after the governor's declaration the authority shall submit the
 3 authority's plan for guaranteeing collection of emergency heating loans under this
 4 section related to the declared state of emergency to the joint committee on finance
 5 for approval. ^{The authority may include in its plan a request to modify the}
^{maximum total principal amounts under sub. (2)(a).}

****NOTE: 7 days is just a place holder. This is just a deadline to make sure that the process gets moving quickly after the declaration. Please let me know what type of deadline would be appropriate for WHEDA to submit the plan to JFC.

6 (c) The authority may guarantee emergency heating assistance loans under
 7 par. (a) only for 120 days following ^{the joint committee on finance's approval of the plan} a declaration of a state of emergency unless the ^{submitted under}
 8 authority requests the joint committee on finance to permit the authority to ^{par. (b)}
 9 guarantee emergency heating assistance loans for an additional 120 days.

****NOTE: Should the 120 days start when the declaration is declared or when JFC approves the plan?

10 (6) INTEREST REDUCTION. The authority shall pay, from the moneys in the
 11 Wisconsin development reserve fund under s. 234.93, to each participating lender an
 12 amount equal to 3.5 percent of the principal amount of any guaranteed loan to reduce
 13 interest payments on the guaranteed loan paid by ^{an individual} a borrower except that the
 14 authority shall make interest reduction payments for no more than 2 years of the
 15 repayment term of any guaranteed loan.

16 SECTION 2. Nonstatutory provisions.

17 (1) TRANSFER TO WISCONSIN DEVELOPMENT RESERVE FUND.

18 (a) The Wisconsin Housing and Economic Development Authority shall
 19 immediately transfer \$2,000,000 from the housing rehabilitation loan program
 20 administration fund established under section 234.51 of the statutes to the
 21 Wisconsin development reserve fund under section 234.93 of the statutes.

1 (b) For 120 days following the effective date of this paragraph, the Wisconsin
2 Housing and Economic Development Authority shall allocate at least \$2,000,000 of
3 the Wisconsin development reserve fund to the emergency heating assistance
4 program under section 234.88 of the statutes, as created by this act.

5 (2) DECLARATION OF PROPANE SHORTAGE. Notwithstanding section 234.88 (5) (a)
6 of the statutes, as created by this act, the Wisconsin Housing and Economic
7 Development Authority shall guarantee collection of not less than 50 percent or more
8 than 80 percent of the principal of any emergency heating assistance loan eligible for

9 guarantee under section 234.88 (2) of the statutes, as created by this act, made to ^a
10 ~~borrower~~ ^{an individual} eligible for a guaranteed loan under section 234.88 (3) of the statutes, as
11 created by this act, related to the state of emergency declared by the governor on
12 January 25, 2014, in Executive Order No. 130, for a period of 120 days beginning on
13 the effective date of this subsection without the joint committee on finance approving
14 a plan under section 234.88 (5) (b) of the statutes, as created by this act.

15 (END)

2013-2014 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-4271/lins
FFK:.....

Analysis Insert

This bill creates an emergency heating assistance loan guarantee program to be administered by the Wisconsin Housing and Economic Development Authority (WHEDA). The bill directs WHEDA to guarantee collection of not less than 50[✓] or more than 80 percent of eligible loans made to eligible individuals for the purpose of financing extraordinary costs related to heating during a state of emergency (emergency heating assistance loans). The bill also requires WHEDA to pay an amount equal to 3.5 percent of a guaranteed emergency heating assistance loan to a participating lender to reduce the interest rate charged to the individual receiving the emergency heating assistance loan.

Under the bill, eligibility requirements for an emergency heating assistance loan guarantee include:

1) The total principal amount of all guaranteed loans to the individual under the program does not exceed \$2,500, unless a different amount is requested by WHEDA and approved by the Joint Committee on Finance (JFC).

2) The interest rate on the loan does not exceed a rate determined by WHEDA.

3) If the loan is obtained to pay a supplier, the participating lender pays the supplier directly.

4) The initial term of the loan is not more than two years. The term of the loan may be extended but may not exceed a total of three years.

5) The individual's household income is no more than 200 percent of the median household income in the county in which the individual resides.

6) In the judgment of the participating lender, the loan is necessary for the individual to pay heating costs related to the declared state of emergency; it is reasonably likely that the individual will be able to repay the loan in full with interest; the individual is not eligible for conventional financing on reasonably equivalent terms and conditions; and that under normal market conditions the individual's income and assets would be sufficient for the individual to pay his or her heating costs.

In general, WHEDA may only guarantee emergency heating assistance loans if the governor declares a state of emergency related to heating costs or the availability of heating fuels and JFC approves WHEDA's plan for guaranteeing emergency heating assistance loans in response to the declared state of emergency. If the plan is approved, WHEDA may guarantee emergency heating assistance loans for a period of 120 days following the date the plan is approved, except WHEDA may request one additional 120 day extension from JFC. The bill, however, provides that WHEDA may guarantee emergency heating assistance loans related to the state of emergency declared in Executive Order No. 130 relating to a severe winter weather and a propane shortage for 120 days following the effective date of the bill without JFC approval.

Finally, the bill directs WHEDA to immediately transfer \$2,000,000 from the housing rehabilitation loan program administration fund to the Wisconsin development reserve fund. The bill also requires WHEDA to allocate at least \$2,000,000 in the Wisconsin development reserve fund to the emergency heating assistance loan guarantee program for 120 days following the effective date of the bill.

Barman, Mike

From: Rude, Nels
Sent: Monday, February 17, 2014 11:53 AM
To: LRB.Legal
Subject: Draft Review: LRB -4271/1 Topic: Loan guarantee program for emergency heating assistance

Please Jacket LRB -4271/1 for the ASSEMBLY.